

DEPARTMENT OF TRANSPORTATION
U. S. COAST GUARD
STATEMENT OF ADMIRAL JAMES S. GRACEY
BEFORE THE
COMMERCE, SCIENCE, AND TRANSPORTATION COMMITTEE
U. S. SENATE
13 MAY 1986

MR. CHAIRMAN, I AM PLEASED TO HAVE THE OPPORTUNITY TO MEET WITH YOU AND OTHER MEMBERS OF THE COMMITTEE TO REVIEW AND DISCUSS H.R. 1362 DEALING WITH LOAD LINES AND MEASUREMENT OF VESSELS, AND THE COAST GUARD FISCAL YEAR 1987 BUDGET AUTHORIZATION PROPOSAL. I HAVE ACCOMPANYING ME THIS MORNING MY CHIEF OF STAFF, REAR ADMIRAL DONALD THOMPSON; THE CHIEF OF THE OFFICE OF MERCHANT MARINE SAFETY, REAR ADMIRAL J. WILLIAM KIME; AND THE CHIEF OF THE PROGRAMS DIVISION, CAPTAIN KENT WILLIAMS.

H. R. 1362

FIRST, I WOULD LIKE TO EXPRESS SUPPORT FOR PASSAGE OF H.R. 1362, WHICH WILL COMPLETE THE CODIFICATION OF SUBTITLE II OF TITLE 46, UNITED STATES CODE, AS PART C, LOAD LINES OF VESSELS, AND PART J, MEASUREMENT OF VESSELS.

PART C PROVIDES A SINGLE LEGAL BASIS FOR ALL LOAD LINE REGULATORY ACTIONS WHILE MAINTAINING RECOGNITION OF THE CURRENT INTERNATIONAL CONVENTION. IT ALSO PROVIDES FOR A UNIFORM EXEMPTION AUTHORITY BY AUTHORIZING THE SECRETARY OF TRANSPORTATION TO PRESCRIBE REGULATIONS SPECIFYING CONDITIONS UNDER WHICH DOMESTIC VOYAGE EXEMPTIONS WOULD BE ISSUED WITHOUT LOWERING THE LEVEL OF SAFETY.

PART J IMPLEMENTS THE PROVISIONS OF THE INTERNATIONAL CONVENTION ON TONNAGE MEASUREMENT OF SHIPS, 1969, WHICH WAS RATIFIED BY THE SENATE IN 1982 AND WHICH TOOK EFFECT IN THE UNITED STATES IN 1983. IT WILL ENABLE THE COAST GUARD EVENTUALLY TO SUBSTITUTE THIS SYSTEM AS THE BASIS FOR ESTABLISHING THE OFFICIAL TONNAGE OF VESSELS MEASURING 79 FEET AND LARGER. A REGULATORY TONNAGE PROVISION IS INCLUDED WHICH ENABLES A VESSEL ALSO TO BE MEASURED UNDER THE CURRENT SYSTEMS. THIS PROVISION WILL ALLEVIATE DOMESTIC AND INTERNATIONAL REGULATORY IMPACTS AS A RESULT OF CHANGING THE BASIC TONNAGE MEASUREMENT SYSTEM.

WE UNDERSTAND THAT THE PANAMA CANAL COMMISSION WILL PROVIDE THE COMMITTEE WITH A REPORT PROPOSING TWO TECHNICAL CHANGES TO H.R. 1362. THE DEPARTMENT HAS REVIEWED THESE TECHNICAL CHANGES AND SUPPORTS THEM.

FOR THE FIRST TIME A SINGLE, INTERNATIONALLY RECOGNIZED, RELIABLE, AND UNIFORM SYSTEM WILL BE PROVIDED FOR ESTABLISHING GROSS AND NET TONNAGES WHICH WILL ENABLE CONGRESS AND REGULATORY AGENCIES TO ESTABLISH TONNAGE PARAMETERS FOR APPLICATION OF RULES FOR VESSELS WITH THE CONFIDENCE THAT THE TONNAGES WILL ALWAYS REPRESENT THE SIZES OF THE VESSELS. IT ALSO PROVIDES FOR CHARGING FEES FOR TONNAGE MEASUREMENT.

WE ARE CONVINCED THAT H.R. 1362 WILL BE TO THE ADVANTAGE OF THE UNITED STATES, THE MARINE INDUSTRY, AND THE COAST GUARD, AND I RECOMMEND THAT THIS COMMITTEE GIVE IT FAVORABLE CONSIDERATION.

FY 1987 AUTHORIZATION REQUEST

OUR FISCAL YEAR 1987 AUTHORIZATION REQUEST TOTALS \$2.3 BILLION. IT ALLOWS A CONTINUATION OF PLANS TO MODERNIZE AND IMPROVE THE EFFECTIVENESS OF THE COAST GUARD'S CAPITAL PLANT; TO INCREASE THE CAPABILITY OF EXISTING RESOURCES; AND TO ACHIEVE SAVINGS THROUGH IMPROVED EFFICIENCY OF OPERATIONS AND, WHERE FEASIBLE, CONTINUED CONTRACTING OUT OF SUPPORT ACTIVITIES.

THIS REQUEST...LIKE OUR REQUESTS IN RECENT YEARS...CONTINUES TO EMPHASIZE MISSIONS SUPPORTING SAFETY, DEFENSE READINESS, AND MARITIME LAW ENFORCEMENT. FUNDING REQUESTED WILL PROVIDE FOR FULL-TIME EQUIVALENT (FTE) POSITIONS FOR 38,541 MILITARY PERSONNEL AND 5,527 CIVILIAN PERSONNEL.

BECAUSE OF SOME UNIQUE FUNDING TRANSFERS IN FY 1986, THIS YEAR'S REQUEST SHOWS AN APPARENT INCREASE IN BUDGET AUTHORITY. NEVERTHELESS, IT IS A NO-GROWTH BUDGET AND WILL FUND ESSENTIALLY THE SAME PROGRAM LEVELS AS THE PRESIDENT'S FY 1986 BUDGET REQUEST. PART OF THE INCREASE IN FY 1987 BUDGET AUTHORITY REFLECTS A RETURN TO THE COAST GUARD'S BUDGET BASE OF \$25.5 MILLION OF THE FIXED COSTS ASSOCIATED WITH POLAR ICEBREAKING OPERATIONS. THESE COSTS WERE FUNDED PREVIOUSLY THROUGH REIMBURSEMENTS FROM OTHER FEDERAL AGENCIES. THE INCREASE ALSO REFLECTS RESTORATION TO THE COAST GUARD'S BUDGET BASE OF \$100 MILLION FOR DEFENSE READINESS FUNDED BY THE DEPARTMENT OF DEFENSE, NAVY, OPERATIONS AND MAINTENANCE IN 1986. THE INCREASE ALSO INCLUDES ANNUALIZATION OF FUNDING FOR THE FY 1986 MILITARY PAY INCREASE.

OPERATING EXPENSES

THE OPERATING EXPENSES APPROPRIATION REQUEST FOR \$1.833 BILLION IS TO FUND THE OPERATION AND MAINTENANCE OF COAST GUARD SHIPS, AIRCRAFT, AND SHORE UNITS, INCLUDING FACILITIES ACQUIRED THROUGH CAPITAL INVESTMENTS IN RECENT YEARS. OF THESE NEW ACQUISITIONS, FUNDING WILL PROVIDE FOR OPERATION OF THE FIRST OF THE COAST GUARD OWNED AEROSTATS...MOBILE, TETHERED-BALLOON, RADAR SURVEILLANCE SYSTEMS...FOR USE IN OUR DRUG INTERDICTION EFFORT. ALSO, IN FY 1987 WE WILL PUT INTO SERVICE 2 MORE OF OUR NEW 270-FOOT MEDIUM ENDURANCE CUTTERS AND 5 MORE OF OUR NEW 110-FOOT PATROL BOATS, AS WELL AS 26 ADDITIONAL SHORT-RANGE RECOVERY (SRR) HELICOPTERS.

IN ADDITION, THE TOTAL AMOUNT FOR OPERATING EXPENSES WILL BE AUGMENTED BY \$30 MILLION TO BE DERIVED FROM THE BOAT SAFETY ACCOUNT. UNDER EXISTING LAW, \$15 MILLION IS THE MAXIMUM AMOUNT THAT CAN BE TRANSFERRED BETWEEN THESE TWO APPROPRIATIONS. HOWEVER, THE AUTHORIZATION LEGISLATION BEING PROPOSED WOULD INCREASE THAT AUTHORITY TO \$30 MILLION THROUGH A REALLOCATION OF THE FUNDS IN THE BOATING SAFETY ACCOUNT OF THE AQUATIC RESOURCES FUND.

ACQUISITION, CONSTRUCTION AND IMPROVEMENTS

THE ACQUISITION, CONSTRUCTION AND IMPROVEMENTS APPROPRIATION REQUEST FOR \$77.1 MILLION IN BUDGET AUTHORITY, TOGETHER WITH OTHER RESOURCES PROPOSED FOR REPROGRAMMING FROM THE COASTAL DEFENSE AUGMENTATION ACCOUNT CREATED IN DOD IN 1986, WILL FUND

CAPITAL IMPROVEMENTS, INCLUDING AIRCRAFT PROCUREMENTS; CUTTER ACQUISITIONS, REHABILITATIONS, AND MODERNIZATION; AND REPLACEMENT AND RENOVATION PROGRAMS AT SELECTED SHORE FACILITIES.

ALTERATION OF BRIDGES

NO FUNDS ARE BEING REQUESTED FOR ALTERATION OF BRIDGES FOR FY 1987.

RETIRED PAY

THE RETIRED PAY APPROPRIATION REQUEST OF \$354 MILLION IS BASED UPON AN AVERAGE OF 24,673 ANNUITANTS ON THE ROLLS. THE REQUEST REFLECTS THE PRESIDENT'S LEGISLATIVE PROPOSAL TO FOREGO COST-OF-LIVING ADJUSTMENTS IN 1987 FOR ALL SUCH RETIREMENT PROGRAMS.

RESEARCH, DEVELOPMENT, TEST & EVALUATION

THE RESEARCH, DEVELOPMENT, TEST AND EVALUATION REQUEST TOTALING \$20.5 MILLION IS CONSISTENT WITH THE LEVEL APPROPRIATED IN FISCAL YEAR 1986. THIS APPROPRIATION IS DIRECTED TOWARDS IMPROVING THE EXECUTION OF EXISTING MISSIONS AND PROGRAMS ALONG WITH DEVELOPING THE CAPABILITIES ANTICIPATED FOR FUTURE MISSION REQUIREMENTS. RESEARCH AND DEVELOPMENT OFFERS THE OPPORTUNITY FOR INCREASED RETURNS IN FUTURE YEARS THROUGH ENHANCED PRODUCTIVITY OR COST AVOIDANCES.

OTHER PROVISIONS

IN ADDITION TO PROVIDING AUTHORIZATION OF THE COAST GUARD'S MILITARY PERSONNEL "END STRENGTH" AND "AVERAGE MILITARY TRAINING LOAD", THE PROPOSED BILL WOULD MAKE SEVERAL TECHNICAL CORRECTIONS

TO SUBTITLE II OF TITLE 46 U.S. CODE. IT WOULD ALSO AUTHORIZE THE LEASE AND IMPROVEMENT OF DOCKING FACILITIES IN NEW BEDFORD, MASSACHUSETTS; WOULD AUTHORIZE THE CONTRACT FOR ELECTRICITY ON ST. PAUL ISLAND, ALASKA WITHOUT FIRST NOTIFYING CONGRESS; WOULD AUTHORIZE A COMBINED FEDERAL AND LOCAL ROAD IMPROVEMENT PROJECT IN CAPE MAY, NEW JERSEY; AND WOULD GIVE THE SECRETARY OF TRANSPORTATION REGULATORY AUTHORITY FOR THE ENTIRE SUBTITLE II OF TITLE 46, U.S. CODE.

THE AUTHORIZATION REQUEST I HAVE JUST DESCRIBED IS SIMILAR IN MANY RESPECTS TO HR 4208. HOWEVER, THERE ARE A FEW SECTIONS OF HR 4208 WITH WHICH WE DISAGREE...OR, IN SOME CASES, SEE AS UNNECESSARY. WE BELIEVE THE DOLLAR AMOUNTS SHOWN IN SECTION 2 SHOULD BE ADJUSTED TO THE AMOUNTS REQUESTED BY THE PRESIDENT FOR FY 1987. WITH REGARD TO THE SECTIONS WHICH FOLLOW, ONE OF OUR KEY CONCERNS IS SECTION 5, WHICH WOULD IMPOSE LIMITATIONS ON OUR ABILITY TO OPERATE COAST GUARD FACILITIES IN THE MOST EFFICIENT MANNER. SECTION 5 PROPOSES TO LIMIT CONTRACTING PERFORMED BY THE COAST GUARD SO AS TO MAINTAIN WHAT IS OFTEN CALLED A "CORE" LOGISTICS CAPABILITY AND PROHIBITS CONTRACTING OUT AT COAST GUARD FACILITIES IN CURTIS BAY, MD., AND ELIZABETH CITY, N.C.

AS YOU KNOW, THE PRESIDENT IS STRONGLY COMMITTED BOTH TO STRENGTHENING THE DEFENSE READINESS OF THIS COUNTRY AND TO REDUCING THE SIZE...AND COST...OF GOVERNMENT. THOSE GOALS ARE NOT INCOMPATIBLE. OVER THE PAST FOUR YEARS, I HAVE OVERSEEN A SIGNIFICANT INCREASE IN THE COAST GUARD'S DEFENSE READINESS

CAPABILITIES. OUR MARITIME DEFENSE ZONE ROLE, A GROWING RESERVE STRENGTH, NEW AND MORE CAPABLE HARDWARE, MORE REALISTIC TRAINING, ENHANCED EXERCISE PARTICIPATION, AND SO ON...ALL SPEAK TO OUR CONTINUING COMMITMENT TO DEFENSE READINESS. AT THE SAME TIME, WE HAVE ALSO UNDERTAKEN A NUMBER OF EFFORTS TO BE MORE PRODUCTIVE...AND TO HELP EASE THE BURDEN TO THE AMERICAN TAXPAYER...BY GREATER USE OF PRIVATE SECTOR CAPABILITIES. SUCH INITIATIVES HAVE INCLUDED: AN AGGRESSIVE A-76 CONTRACTING OUT PROGRAM THAT HAS BECOME A MODEL IN THE DEPARTMENT OF TRANSPORTATION...A SPECIFIC MANDATE TO HAND OFF NON-EMERGENCY ASSISTANCE CASES TO QUALIFIED PRIVATE FIRMS WHEN AVAILABLE...A SIMILAR POLICY REGARDING DOMESTIC ICEBREAKING...AND AN EFFORT TO CONTRACT ROUTINE MAINTENANCE OF AIDS-TO-NAVIGATION IN NON-CRITICAL WATERWAYS. THE UNDERLYING PHILOSOPHY GOVERNING THESE INITIATIVES HAS BEEN TO DO THEM ONLY WHEN THEY MEET ALL OF THE FOLLOWING CONDITIONS:

- NOT INHERENTLY GOVERNMENTAL IN NATURE
- DO NOT JEOPARDIZE COAST GUARD OPERATIONAL CAPABILITIES
- DO NOT IMPACT ADVERSELY ON READINESS REQUIREMENTS SUCH AS MOBILIZATION, FORCE STRUCTURE AND SEA-SHORE ROTATION
- CAN BE DONE MORE COST-EFFECTIVELY BY THE PRIVATE SECTOR

I BELIEVE OUR RECORD SPEAKS FOR ITSELF: IT IS POSSIBLE TO STRENGTHEN DEFENSE AND OTHER COAST GUARD CAPABILITIES WHILE ALSO REDUCING THE COST OF GOVERNMENT. WE NEED THE ABILITY TO CONTINUE

TO PURSUE BOTH THESE GOALS. IN THAT REGARD WE OPPOSE SECTION 5 OF HR 4208 BECAUSE, AS I SAID, IT WOULD IMPOSE LIMITATIONS ON OUR ABILITY TO OPERATE COAST GUARD FACILITIES IN THE MOST EFFICIENT MANNER.

I AM ALSO CONCERNED ABOUT SECTION 9, STATING A POLICY ON THE USE OF COAST GUARD AUXILIARY FACILITIES. FIRST, LET ME MAKE THE RECORD CLEAR...NOWHERE WILL YOU FIND A STRONGER SUPPORTER OF OUR COAST GUARD AUXILIARY THAN I. I HAVE BEEN TOUTING THE VALUABLE CONTRIBUTIONS AND COST EFFECTIVENESS OF THESE DEDICATED VOLUNTEERS THROUGHOUT MY CAREER.

MY POSITION ON THAT WILL NEVER CHANGE. MY CONCERN IS THAT SECTION 9 WILL BE CONSTRUED AS LEGISLATING HOW MY OPERATIONAL COMMANDERS ARE TO DO THEIR JOBS. IN OUR BUSINESS OF SEARCH AND RESCUE AND MARITIME SAFETY, THE OPERATIONAL COMMANDER IS THE ONE CHARGED WITH MAKING THE DECISIONS THAT ULTIMATELY RESULT IN THE RESCUE OF PROPERTY...AND SAVING LIVES. HE OR SHE MUST HAVE FULL FREEDOM AND FLEXIBILITY TO USE ALL THE RESOURCES AT HIS OR HER DISPOSAL...COAST GUARD REGULARS, RESERVISTS, AND AUXILIARISTS, COMMERCIAL FIRMS OR PRIVATE VOLUNTEERS...AS HE OR SHE SEES BEST TO MEET THE SITUATION AT HAND. AT SUCH TIMES, THAT COMMANDER DOES NOT NEED ANY EXTRA PRESSURES OR DOUBTS RESULTING FROM LEGISLATION THAT DIRECTS PRIORITIES IN THE APPLICATION OF AVAILABLE RESOURCES. NO...WHAT MY OPERATIONAL COMMANDERS NEED IS THE KNOWLEDGE THAT THEY HAVE OUR TRUST AND CONFIDENCE...AS ON-

SCENE PROFESSIONALS...TO USE ALL AVAILABLE RESOURCES...PEOPLE AND EQUIPMENT...TO GET THE JOB DONE...AND DONE THE BEST AND MOST COST-EFFECTIVE WAY POSSIBLE, GIVEN THE EXIGENCIES OF THE MOMENT. TO THE EXTENT THAT SECTION 9 WOULD CONFUSE THAT CLEAR CUT DELEGATION OF AUTHORITY AND ERODE MY COMMAND RESPONSIBILITIES, I CANNOT SUPPORT IT.

THE COAST GUARD HAS ADDITIONAL CONCERNS WITH H.R. 4208 WHICH WILL BE INCLUDED IN A REPORT BY THE ADMINISTRATION GIVING ITS POSITION TO THE SENATE ON THIS BILL.

CONCLUSION

I HAVE BRIEFLY HIGHLIGHTED MAJOR PARTS OF OUR FY 1987 AUTHORIZATION PROPOSAL WHICH SUPPORTS ANOTHER "HOLD-THE-LINE" TYPE OF BUDGET. HOWEVER, WE WILL CONTINUE TO STRIVE FOR PRODUCTIVITY IMPROVEMENTS, INCREASED EFFICIENCIES, AND MORE EFFECTIVE USE OF OUR RESOURCES, INCLUDING THOSE NEW AND IMPROVED RESOURCES ACQUIRED AS A RESULT OF RECENT MAJOR CAPITAL INVESTMENTS...THE NEW 110- AND 270-FOOT CUTTERS, THE 210-FOOT AND 378-FOOT CUTTERS REHABILITATION AND MODERNIZATION PROGRAMS, OUR NEW SHORT-RANGE RECOVERY HELICOPTERS AND SENSORS LIKE FLAR AND AIREYE. THESE INVESTMENTS WILL MAKE THE COAST GUARD EVEN MORE PRODUCTIVE IN THE YEARS TO COME...AND ABLE TO SERVE THE AMERICAN PEOPLE BETTER.

THE PRESIDENT STRONGLY SUPPORTS THE COAST GUARD AND THE BENEFITS AND SERVICES IT PROVIDES TO THE PUBLIC. OUR BUDGET REQUEST REFLECTS HIS CONCERN OVER THE IMPACT OF ACROSS-THE-BOARD, PERCENTAGE TYPE REDUCTIONS ON PERSONNEL INTENSIVE, OPERATIONAL AGENCIES LIKE THE COAST GUARD, WHOSE MISSIONS ARE VITAL TO THE SECURITY AND SAFETY AND HEALTH OF AMERICA. I HOPE THE CONGRESS WILL SUPPORT THE PRESIDENT'S REQUEST LEVEL.

BUT, EVEN IN THESE DIFFICULT FISCAL TIMES, THE COAST GUARD WILL CONTINUE TO SERVE THIS NATION PROUDLY AND WELL. AT TIMES, IT MAY BE IN FEWER LOCATIONS...IT MAY BE WITH FEWER PEOPLE AND

RESOURCES..BUT BE THERE IT WILL...AND WITH ITS ESSENTIAL CHARACTER UNCHANGED, STILL DOING ITS PRIMARY MISSIONS OF MARINE SAFETY, DEFENSE READINESS, AND MARITIME LAW ENFORCEMENT THE BEST IT CAN. AND THAT BEST IS WITHOUT EQUAL - ANYWHERE.

THIS CONCLUDES MY STATEMENT. I WILL BE HAPPY TO RESPOND TO ANY QUESTIONS THE COMMITTEE MIGHT HAVE.